

**Remarks**

The Office Action mailed February 26, 2004 has been carefully reviewed and the foregoing amendment has been made in consequence thereof.

Claims 1-14, and 16-18 are now pending in this application. Claims 1-18 stand rejected. Claim 15 has been canceled.

The rejection of Claims 1-8 under 35 U.S.C. § 101 as being directed to non-statutory subject matter is respectfully traversed.

The Office Action suggests at page 2 that “the claimed invention is directed to non-statutory subject matter.” Applicant respectfully traverses this suggestion. More specifically, Applicant submits that the claims of the present patent application are directed to practical applications in the technological arts. “Any sequence of operational steps can constitute a process within the meaning of the Patent Act so long as it is part of the technological arts.” *In re Musgrave*, 431 F.2d 882 (C.C.P.A. 1970). For example, independent Claim 1 is a method directed to predicting loan collections for a group of non-stationary asset-based loans included within a distressed loan portfolio. Applicant submits that predicting loan collections for a group of non-stationary asset-based loans included within a distressed loan portfolio is a useful process that is considered to be within “the technological arts”.

One specific example of such a method implementation is a computer with a processor programmed to access a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, analyze the borrower’s payment behavior after initiating at least one collection strategy, compare the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower, access a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan, generate delinquency moving matrices for each loan included within the group of loans, and predict which accounts will roll forward into a next classification of delinquency based on information displayed in the matrices. While the claims are not limited to the specific

examples related to a computer with a programmed processor, the claims need not be so restricted to satisfy the requirement of Section 101.

Applicant further traverses the assertion included in the Office Action that Claims 1-8 are directed to non-statutory subject matter under Section 101 in light of the “Examination Guidelines for Computer-Related Inventions”.

The Examination Guidelines for Computer-Related Inventions provides in relevant part as follows:

In order to determine whether the claim is limited to a practical application of an abstract idea, Office personnel must analyze the claim as a whole, in light of the specification, to understand what subject matter is being manipulated and how it is being manipulated. During this procedure, Office personnel must evaluate any statements of intended use or field of use, any data gathering step and any post-manipulation activity....Only when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under § 101. Further, when such a rejection is made, Office personnel must expressly state how the language of the claims has been interpreted to support the rejection.

Applicant respectfully submits that Claim 1 is limited to a practical application in the technological arts. Furthermore, Applicant respectfully submits that the Office Action does not expressly state how the language of Claim 1 supports the Section 101 rejection.

Claim 1 is a method directed to “predicting loan collections for a group of non-stationary asset-based loans”. Thus, Applicant submits that Claim 1 is directed to a useful process that is considered to be within “the technological arts”. Furthermore, Claim 1 recites a “method for predicting loan collections for a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model”. The method includes “utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio...utilizing the computer and the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan...and predicting which accounts will roll forward into a next classification of delinquency...” Thus, Claim 1 uses a computer system configured with a collections model and a re-marketing model

to perform certain steps of the process. Claim 1 is therefore directed to a practical application in the technological arts.

Dependent Claims 2-6 depend from independent Claim 1, and these dependent Claims are submitted to satisfy the requirements of Section 101 for the same reasons set forth above with respect to independent Claim 1.

For at least the reasons set forth above, Applicant also submits that independent Claim 7 satisfies the requirements of Section 101. More specifically, Claim 7 is a method directed to “determining loan collection data for a group of non-stationary asset-based loans”. Thus, Applicant submits that Claim 7 is directed to a useful process that is considered to be within “the technological arts”. Furthermore, Claim 7 recites a “method for determining loan collection data for a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model”. The method includes “utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio...utilizing the computer and the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan....and predicting a portfolio value for the distressed loan portfolio using the matrices.” Thus, Claim 7 uses a computer system configured with a collections model and a re-marketing model to perform certain steps of the process. Claim 7 is therefore directed to a practical application in the technological arts.

Dependent Claim 8 depends from independent Claim 7, and this dependent Claim is submitted to satisfy the requirements of Section 101 for the same reasons set forth above with respect to independent Claim 7.

For at least the reasons set forth above, Applicant respectfully requests that the Section 101 rejection of Claims 1-8 be withdrawn.

The rejection of Claims 2 and 5 under 35 U.S.C. § 112, second paragraph, is respectfully traversed. Applicant respectfully submits that Claims 2 and 5 satisfy section 112, second paragraph. More specifically, Applicant respectfully submits that Claims 2 and 5 are definite and particularly point out and distinctly claim the subject matter of the invention. Applicant has

amended Claims 2 and 5 to address the rejections raised in the Office Action. Accordingly, Applicant respectfully requests that the rejection of Claims 2 and 5 under Section 112, second paragraph, be withdrawn.

The rejection of Claims 1-18 under 35 U.S.C. § 102(e) as being unpatentable over Kosiba et al. (U.S. Patent No. 6,098,052) (“Kosiba”) is respectfully traversed.

Applicant respectfully submits that Kosiba does not describe or suggest the claimed invention. As discussed below, at least one of the differences between Kosiba and the present invention is that Kosiba does not describe or suggest a method for predicting loan collections for a group of non-stationary asset-based loans that includes utilizing a computer and a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, initiating at least one of a plurality of collection strategies with respect to the borrower, analyzing the borrower’s payment behavior after initiating the at least one collection strategy, and comparing the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

More specifically, Applicant respectfully submits that Kosiba does not describe or suggest utilizing a computer and a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan, analyzing the borrower’s payment behavior after initiating at least one collection strategy, and comparing the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

Rather, Kosiba describes a method that automatically groups consumers into a response category based upon a computed estimation of the consumer's response to a particular collection strategy. Although Kosiba discusses predicting a consumer's response to a particular collection strategy, Kosiba does not describe or suggest analyzing a borrower’s payment behavior after initiating at least one collection strategy, and comparing the borrower’s payment behavior after initiating the at least one collection strategy to a predicted payment behavior of the borrower.

Furthermore, Applicant submits that at least one other difference between Kosiba and the present invention is that Kosiba does not describe or suggest utilizing a computer and a re-marketing model to calculate an amount generated and expenses incurred from repossessing the

non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan, and generating delinquency moving matrices for each loan included within the group of loans including the borrower's loan based on an output from the collections model and the re-marketing model.

Kosiba describes a method for collecting payments from delinquent accounts in the credit card industry. More specifically, the method relates to computer models that compute an estimate, for each possible collection strategy, as to how much will be paid on each account in response to that collection strategy, computes an estimate as for the amount of resources to be expended in the execution of that collection strategy, and computes a recommendation for a particular collection strategy for each account that optimizes the use of the available collection resources. Notably, Kosiba relates to delinquent accounts in the credit card industry, and, in contrast to the present invention, does not describe or teach predicting loan collections for a group of non-stationary asset-based loans including calculating an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan.

Claim 1 recites a method for predicting loan collections for a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model, the group of non-stationary asset-based loans included within a distressed loan portfolio, the method includes "utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, and vehicle loans...initiating at least one of the plurality of collection strategies with respect to the borrower...analyzing the borrower's payment behavior after initiating the at least one collection strategy...comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...utilizing the computer and the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the

borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generating delinquency moving matrices for each loan included within the group of loans including the borrower's loan based on an output from the collections model and the re-marketing model, the matrices displaying for each account a percentage indicating a probability that the account will roll forward into a next classification of delinquency, and a number of months that the account is delinquent...and predicting which accounts will roll forward into a next classification of delinquency based on information displayed in the matrices."

Kosiba does not describe or suggest the method recited in Claim 1. More specifically, Kosiba does not describe or suggest a method for predicting loan collections for a group of non-stationary asset-based loans included within a distressed loan portfolio that includes utilizing a computer and a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan, initiating at least one of the plurality of collection strategies with respect to the borrower, analyzing the borrower's payment behavior after initiating the at least one collection strategy, and comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

Notably, Kosiba does not describe or suggest predicting a payment behavior for a borrower, analyzing the borrower's payment behavior after initiating at least one collection strategy, and comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower. Although Kosiba discusses predicting a consumer's response to a particular collection strategy, Kosiba does not describe or suggest analyzing a borrower's payment behavior after initiating at least one collection strategy, and comparing the borrower's payment behavior after initiating the at least one collection strategy to a predicted payment behavior of the borrower.

Furthermore, Kosiba does not describe or suggest utilizing a computer and a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan wherein the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan, and generating delinquency moving matrices for each loan included within the group of loans

including the borrower's loan based on an output from the collections model and the re-marketing model. In fact, Kosiba is directed to delinquent accounts in the credit card industry, and, in contrast to the present invention, does not describe, teach or even mention repossessing collateral used to secure a non-stationary asset-based loan. Accordingly, Applicant respectfully submits that Claim 1 is patentable over Kosiba.

For at least the reasons set forth above, Applicant respectfully submits that Claim 1 is patentable over Kosiba.

Claims 2-6 depend, directly or indirectly, from independent Claim 1 which is submitted to be in condition for allowance. When the recitations of Claims 2-6 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 2-6 are also patentable over Kosiba.

Claim 7 recites a method for determining loan collection data for a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model, wherein the group of non-stationary asset-based loans are included within a distressed loan portfolio, the method includes "utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, and vehicle loans...initiating at least one of the plurality of collection strategies with respect to the borrower...analyzing the borrower's payment behavior after initiating the at least one collection strategy...comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...utilizing the computer and the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generating matrices for delinquency, gross value, stock value, roll forward, roll back, amounts due and payment for each loan included within the group of loans including the borrower's loan, the matrices including

data generated from the collections model and the re-marketing model...and predicting a portfolio value for the distressed loan portfolio using the matrices.”

Kosiba does not describe or suggest the method recited in Claim 7. More specifically, Kosiba does not describe or suggest a method for determining loan collection data for a group of non-stationary asset-based loans that includes utilizing a computer and a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, analyzing the borrower’s payment behavior after initiating at least one collection strategy, and comparing the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

Furthermore, Kosiba does not describe or suggest utilizing a computer and a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan, and generating matrices for delinquency, gross value, stock value, roll forward, roll back, amounts due and payment for each loan included within the group of loans including the borrower’s loan wherein the matrices including data generated from the collections model and the re-marketing model.

Rather, Kosiba describes a method for collecting payments from delinquent accounts in the credit card industry. Although Kosiba discusses predicting a consumer’s response to a particular collection strategy, Kosiba does not describe or suggest analyzing a borrower’s payment behavior after initiating at least one collection strategy, and comparing the borrower’s payment behavior after initiating the at least one collection strategy to a predicted payment behavior of the borrower. Moreover, Kosiba is directed to delinquent accounts in the credit card industry, and, in contrast to the present invention, does not describe, teach or even mention repossessing collateral used to secure a non-stationary asset-based loan. Accordingly, Applicant respectfully submits that Claim 7 is patentable over Kosiba.

For at least the reasons set forth above, Applicant respectfully submits that Claim 7 is patentable over Kosiba.



Claim 8 depends from independent Claim 7 which is submitted to be in condition for allowance. When the recitations of Claim 7 are considered in combination with the recitations of Claim 7, Applicant submits that dependent Claim 7 is also patentable over Kosiba.

Claim 9 recites a system for predicting loan collections for a group of non-stationary asset-based loans included within a distressed loan portfolio that includes at least one computer, and a server configured with a collections model and a re-marketing model, wherein the server is configured to “access the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, and vehicle loans...analyze the borrower’s payment behavior after initiating at least one of the plurality of collection strategies...compare the borrower’s payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...access the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower’s loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower’s loan...generate delinquency moving matrices for each loan included within the group of loans including the borrower’s loan based on an output from the collections model and the re-marketing model, the matrices displaying for each account a percentage indicating a probability that the account will roll forward into a next classification of delinquency, and a number of months that the account is delinquent...and predict which accounts will roll forward into a next classification of delinquency based on information displayed in the matrices”.

Kosiba does not describe or suggest the system recited in Claim 9. More specifically, Kosiba does not describe or suggest a system for predicting loan collections for a group of non-stationary asset-based loans included within a distressed loan portfolio that includes a server configured to access a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, analyze the borrower’s payment behavior after initiating at least one of a plurality of collection strategies, and compare

the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

Furthermore, Kosiba does not describe or suggest a server configured to access a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, and generate delinquency moving matrices for each loan included within the group of loans including the borrower's loan based on an output from the collections model and the re-marketing model wherein the matrices displaying for each account a percentage indicating a probability that the account will roll forward into a next classification of delinquency, and a number of months that the account is delinquent. In fact, Kosiba is directed to delinquent accounts in the credit card industry, and, in contrast to the present invention, does not describe, teach or even mention repossessing collateral used to secure a non-stationary asset-based loan. Accordingly, Applicant respectfully submits that Claim 9 is patentable over Kosiba.

For at least the reasons set forth above, Applicant respectfully submits that Claim 9 is patentable over Kosiba.

Claim 15 has been canceled. Claims 10-14 and 16 depend, directly or indirectly, from independent Claim 9 which is submitted to be in condition for allowance. When the recitations of Claims 10-14 and 16 are considered in combination with the recitations of Claim 9, Applicant submits that dependent Claims 10-14 and 16 are also patentable over Kosiba.

Claim 17 recites a system for determining loan collection data for a group of non-stationary asset-based loans included within a distressed loan portfolio that includes a server configured with a collections model and a re-marketing model, at least one computer, and a network connecting the server to the at least one computer, wherein the server is configured to "access the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, and a plurality of collection strategies that may be utilized for collecting payment from the borrower, non-stationary asset based loans include at least one of automobile loans, and vehicle loans...analyze the borrower's payment behavior after initiating at least one of the plurality of collection

strategies...compare the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower...access the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generate matrices for delinquency, gross value, stock value, roll forward, roll back, amounts due and payment for each loan included within the group of loans including the borrower's loan, the matrices including data generated from the collections model and the re-marketing model...and predict a portfolio value for the distressed loan portfolio using the matrices."

Kosiba does not describe or suggest the system recited in Claim 17. More specifically, Kosiba does not describe or suggest a system for determining loan collection data for a group of non-stationary asset-based loans included within a distressed loan portfolio that includes a server configured to access a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, analyze the borrower's payment behavior after initiating at least one of a plurality of collection strategies, and compare the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower.

Furthermore, Kosiba does not describe or suggest a server configured to access a re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, and generate matrices for delinquency, gross value, stock value, roll forward, roll back, amounts due and payment for each loan included within the group of loans including the borrower's loan. In fact, Kosiba is directed to delinquent accounts in the credit card industry, and, in contrast to the present invention, does not describe, teach or even mention repossessing collateral used to secure a non-stationary asset-based loan. Accordingly, Applicant respectfully submits that Claim 17 is patentable over Kosiba.

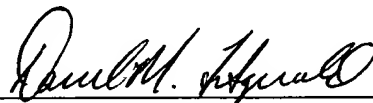
For at least the reasons set forth above, Applicant respectfully submits that Claim 17 is patentable over Kosiba.

Claim 18 depends from independent Claim 17 which is submitted to be in condition for allowance. When the recitations of Claim 18 are considered in combination with the recitations of Claim 17, Applicant submits that dependent Claim 18 is also patentable over Kosiba.

For at least the reasons set for above, Applicant respectfully requests that the Section 102 rejection of Claims 1-18 be withdrawn.

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,



---

Daniel M. Fitzgerald  
Registration No. 38,880  
ARMSTRONG TEASDALE LLP  
One Metropolitan Square, Suite 2600  
St. Louis, Missouri 63102-2740  
(314) 621-5070